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SUBJECT: TERRORISM FINANCE: MEXICO'S RISK BASED ASSESSMENT AND PROCEDURE

REF: STATE 020628

Mexico: Low risk Terrorism Environment

1. Mexico is a key ally of the United States in combating Terrorism and its commitment to work with us to preempt terrorist activity across the border is strong. There are no known international terrorists residing in Mexico. No terrorist incidents targeting US interest or personnel have occurred or originated from Mexican Territories. Although criminal narcotics trafficking organizations maintain a steady presence in Mexico, and small splinter groups like the EPR target the Mexican government, the Mexican government is taking positive steps in countering the spread of violent actions by these groups.

2. Mexico coordinates with the US on several fronts to combat terrorism: information sharing on migration, terrorism financing interdiction, and military intervention. The most active US/Mexico relationship combating terrorism is on border security and migration. The US shares data on SIA (Special Interest Alien) smuggling and Mexican Law enforcement is responsive to the intelligence. Several Systems such OASISS and SIOM share migratory information and the US and Mexico personnel participate in several working groups to educate, train and inform on any possible threats. Robust laws, investigation and prosecution on terrorism financing have prevented Mexican financial institutions from becoming a haven for terrorist money laundering. The Navy and Army remain committed to finding and rooting out any internal or external terrorist threats by implementing newly trained forces and integrating the latest technology to assist in the prosecution of terrorist threats

¶3. Bottom Line: Mexico is a low risk international terrorist environment, offering few possibilities for international terrorist organizations to establish a presence. The Mexican and US governments have a growing relationship that promotes information sharing and prompt action against any possible terrorist threat and further impedes such organizations from establishing a foothold here.

Process for Vetting NGO,s for possible Terrorism Linkages

¶1. The US Embassy Mexico City and Consulates already have robust vetting mechanisms in place to vet participants in USG-funded programs for law enforcement and human rights related concerns. Adding Non-governmental organizations to the vetting process requires slight modifications. We intend to use in-place procedures to meet the requirement of vetting new, unfamiliar NGOs accepting grants from the USG.

¶2. The process is as follows:

a. All programs will meet the requirements "Risk-Based Assessment for Terrorist Financing Attachment 1" with the additional steps delimited below (Note: The terrorist threat environment will be assessed on a periodic basis and additional steps and procedures delineated in the Risk-Based Assessment for Terrorist Financing will be

implemented if the terrorist threat condition should elevate.)

b. All new grantees, with which the mission has not worked with before, must submit the names of senior officers working for the grantee organization. This list must include finance officers and/or other individuals responsible for disbursing USG funds to 1) implement programs or 2) sub-contract outside organizations to carry out work related to the grant.

c. The USG element in the mission providing funds to a new grantee will be responsible for comparing individual names and organizations against the web based SDN list (Specially Designated Nationals List) administered by the Department of Treasury's Office of Foreign Assets Control. (http://www.ustreas.gov/offices/enforcement/o_fac/sdn/)

d. The USG agency proposing a new grant will provide the name of the grantee organization and the names of its senior officers, as specified above, to the Embassy Political Section.

e. The Political Section will coordinate the mission's internal vetting process by engaging relevant mission law enforcement and security elements, sending the name of the grantee organization, and names of its senior officers to: LEGATT, the mission's counter terrorism liaison element and the Regional Security Office for vetting against internal databases.

f. The Political Section will also submit the names of the proposed grantees senior officers to the Consular Section to be vetted against the NAMECHECK database.

g. The Political Section will pass responses from the relevant mission elements to the mission element proposing the grant. All data will be collected, reviewed, and retained by the granting organization in the grant file

that will be maintained by the mission element administering the grant.

h. All data will be unclassified. In the event information of a classified nature is uncovered the mission element sponsoring the grant will properly handle the information and use that information in their determination on whether to award the grant, but that information will not be included in the unclassified grant file.

i. Any questionable information will be submitted to the proper agency for further review and the grant process will be placed on hold until positive affirmation of no terrorist links have been received. That data will also remain in the grant file.

j. All new grants will contain language that requires grantees to conduct due diligence on individuals and organizations proposed to receive primary or sub-grants.

Visit Mexico City's Classified Web Site at
<http://www.state.sgov.gov/p/wha/mexicocity> and the North American Partnership Blog at <http://www.intelink.gov/communities/state/nap/>

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